



National Audit Office

NEWS RELEASE

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The Nuclear Decommissioning Authority: progress with reducing risk at Sellafield

The Nuclear Decommissioning Authority (NDA) has improved its performance in delivering major projects to reduce risk and high hazard at Sellafield, the NDA's largest and most hazardous nuclear site. Yet it still has a long way to go in decommissioning and cleaning up the site, facing continued delays and an expected overspend of up to £913 million, says the National Audit Office (NAO) in a report published today.

Since the NAO last reported in 2015, the NDA and Sellafield Limited have made significant progress with programmes to reduce risk and hazard in legacy ponds and silos. This includes work to empty one legacy pond – the pile fuel storage pond – of 70% of its radioactive content. The NDA also expects it will reach critical milestones with legacy facilities earlier than it did in 2015.

The report also highlights that most major projects at Sellafield delivered their work to schedule and to budget in 2017-18. This continues a trend of improvement since 2014-15, following the NAO's previous report in this area.

However, major projects are still predicted to deliver late and to cost more than the NDA originally expected. In 2015, the NDA's nine major projects which were in construction were anticipated to cost an additional 60% of their budget at design stage. This has now been reduced to 29% over budget, which while a substantial improvement, is still a forecasted overspend of £913 million.

The NAO has also found that evaluating overall performance at Sellafield is difficult due to a range of factors. For example, since the NAO last reported, the NDA has cancelled three projects after spending £586 million on them, saying it found a better way of delivering the work. Legacy ponds and silos programmes have also delivered less work than originally planned in three out of the past six years, but are still expected to reach critical milestones early. Evaluating overall performance is also complicated by the fact that the NDA has not yet been able to demonstrate how its current work leads to progress against the long-term mission.

The NDA has also reported that Sellafield Limited has achieved £470 million in efficiency savings, but neither the NDA nor Sellafield Limited know their makeup and admit that a proportion do not represent genuine efficiency savings.

The NDA states that factors other than funding, such as physical constraints of the site, limit how fast they can achieve progress in the reduction of high hazard at Sellafield, yet it has not tested

these factors sufficiently. The strategic decisions the NDA takes around prioritising activity at Sellafield could be profoundly changed and improved by a better, more evidence-based assessment of these constraints.

The NAO has found that the role of the NDA is unclear and this could put at risk the progress we are now seeing at Sellafield. The Department for Business, Energy & Industrial Strategy's (the Department) governance of the NDA is complex and not working as well as it should to support improvements at Sellafield. The recent failure of the NDA's contract to decommission its Magnox sites, which the NAO reported on in October 2017, has exacerbated this lack of clarity and provides an important imperative for a review of how the NDA performs its function, and how the Department supports it in doing so.

The NAO has recommended that the role, function and governance of the NDA are reviewed, and that the NDA improves its understanding and communication of progress at Sellafield, as well as the constraints to faster and further progress.

Amyas Morse, head of the National Audit Office, said today:

“The improvements in reducing risk at Sellafield are encouraging, but the scale of the challenge is very great and the Department could be doing more to support the NDA through better governance and oversight of performance.

“The NDA, for its part, needs to do a better job of explaining what progress it has made and what it will achieve over the next 2 to 4 years so Parliament can hold it to account. It might also help if there was less focus on the extraordinarily round terms of £120bn to be spent over 120 years, and more focus on what can be delivered in a more meaningful timescale, say within forty years, in terms of cleaning up this extremely dangerous nuclear legacy. I would hope this could be a great deal if they push ahead.”

Key facts



£3.3bn

Total expenditure of the Nuclear Decommissioning Authority (NDA) in 2017-18, including £1.2 billion in revenue

61%

Of the NDA's spend in 2017-18 was spent at Sellafield

£0.15

Amount of every pound spent by the NDA in 2017-18 was on major projects at Sellafield

17	nuclear sites that the NDA is responsible for operating, decommissioning and cleaning up under the Energy Act 2004
8	of the 10 most hazardous facilities on the NDA estate are in Sellafield
£121 billion	estimated undiscounted total cost of the NDA's clean-up mission to 2120, of which Sellafield accounts for £91 billion
70%	reduction in radioactive content in the pile fuel storage pond after Sellafield Limited completed the removal of nuclear fuel from the pond in March 2016

14	major projects at Sellafield with expected lifetime costs of over £100 million each or that are novel or contentious
£6 billion	total expected spend on major projects currently in design or under construction at Sellafield
£483 million	Sellafield Limited's spend on major projects in 2017-18
£586 million	the sunk costs of three major projects cancelled at Sellafield since 2012 after the NDA says it found more cost-effective strategies

– ENDS –

Notes for editors

1. Sellafield is one of 17 nuclear sites on the NDA estate. Sellafield Limited, the site licence company, holds the nuclear licence to carry out the day-to-day work on the site to reduce hazard and risk.
2. Major projects at Sellafield are those with a lifetime cost exceeding £100m. There are 14 in total.
3. Press notices and reports are available from the date of publication on the [NAO website](#). Hard copies can be obtained by using the relevant links on our website.
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